

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 97-133
STATE AGENCY: Indiana Gaming Commission

DATE PREPARED: Oct 16, 1997
DATE RECEIVED: Sep 05 97

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Digest of Proposed Rule: This proposed rule adds 68 IAC 15-3. It requires that all riverboat licensees maintain, in cash or cash equivalents, an amount sufficient to protect patrons against defaults in gaming debts owed by a riverboat licensee. The cash reserve must equal one of the following: (1) for the first full or partial quarter of operation, based on a calendar year, 100% of the riverboat licensee's or licensee applicant's projected payout for a seven-day period and (2) for the next quarter, based on a calendar year, 100% of the actual payout for a seven-day period. The actual payout is to be computed by calculating the daily average payout for the previous quarter of operation and multiplying it by seven. The cash reserve would only be accessed in the event a riverboat licensee cannot pay out the amount of jackpots won by patrons.

The riverboat licensee is not allowed to increase or decrease the cash reserve requirement each quarter unless the adjustment would increase or decrease the cash reserve by at least \$50,000.

Governmental Entities:

State: There is no state fiscal impact and there are no unfunded mandates placed upon any state agency by this proposed rule.

Local: There is no local fiscal impact and there are no unfunded mandates placed upon any political subdivision by this proposed rule.

Regulated Entities:

Under current law, eleven riverboat licenses may be awarded, including five on the Ohio River, five on Lake Michigan, and one on Patoka Lake. However, the Indiana Gaming Commission assumes that the owner's license for Patoka Lake will not be issued since the lake is under the control of the United States Army Corps of Engineers.

Currently, the following eight riverboats are operational: Casino Aztar in Evansville; Trump Casino and Majestic Star Casino in Gary; Empress Casino in Hammond; Grand Victoria Casino in Rising Sun; Argosy Casino in Lawrenceburg; Showboat Casino in East Chicago; and Blue Chip Casino in Michigan City. A riverboat operator has been granted a certificate of suitability to operate a riverboat in Bridgeport in Harrison County. A certificate of suitability for the tenth riverboat has not yet been granted.

Based on actual average daily payouts for July, August, and September 1997, it is estimated that the cash reserve requirement for the eight operational

riverboats will be as follows:

Riverboat	Estimated Cash Reserve Requirement (in millions)	Riverboat Start Date
Casino Aztar	\$ 4.7	Dec. 08, 1995
Trump Casino	\$ 6.3	Jun. 11, 1996
Majestic Star Casino	\$ 4.6	Jun. 11, 1996
Empress Casino	\$10.8	Jun. 29, 1996
Grand Victoria Casino	\$ 7.5	Oct. 04, 1996
Argosy Casino	\$ 6.5*	Dec. 13, 1996
Showboat Casino	\$ 8.7	Apr. 18, 1997
Blue Chip Casino	\$ 5.8**	Aug. 22, 1997

*This estimate is based on June, July, and August data because the riverboat did not operate for seven days in September due to upgrading.

**This estimate is based on September data only.

Information Sources: Kay Fleming and Kendra Nigg, Indiana Gaming Commission, 233-0046.